

VZCZCXRO1525
OO RUEHGH
DE RUEHUL #1637/01 2890542
ZNR UUUUU ZZH
O 160542Z OCT 09
FM AMEMBASSY SEOUL
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5935
RUCPDO/USDOC WASHDC 9283
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC//DDI/OEA//
RHHMUNA/USCINCPAC HONOLULU HI//FPA//
RUEKJCS/SECDEF WASHINGTON DC
RUEKJCS/JOINT STAFF WASHINGTON DC
RUEKDIA/DIA WASHINGTON DC//DB-Z//
RUEHMO/AMEMBASSY MOSCOW 0402
RUEHBJ/AMEMBASSY BEIJING 6788
RUEHKO/AMEMBASSY TOKYO 6856
RUEHGH/AMCONSUL SHANGHAI 1382
RUEHSH/AMCONSUL SHENYANG 5168
RUEHIN/AIT TAIPEI 4125
RUEHGP/AMEMBASSY SINGAPORE 7337
RUCNDT/USMISSION USUN NEW YORK 1623
RUEHGV/USMISSION GENEVA 2935
RUEHLO/AMEMBASSY LONDON 2014
RUEHFR/AMEMBASSY PARIS 2621

UNCLAS SECTION 01 OF 04 SEOUL 001637

SIPDIS

E.O. 12958: N/A

TAGS: [PREL](#) [PGOV](#) [MARR](#) [ECON](#) [KPAO](#) [KS](#) [US](#)

SUBJECT: SEOUL - PRESS BULLETIN; October 16, 2009

TOP HEADLINES

Chosun Ilbo

Ruling Camp Considers Two Scenarios for Sejong City Project:
Scrapping Government Agency Relocation Plan Altogether
or Relocating Only Five Government Agencies

JoongAng Ilbo

AMD, the World's Second-Largest Non-Memory Chip Producer, Ready for
Legal Battle against Microprocessor Leader Intel

Dong-a Ilbo

ROKG to Establish Organization to Deal with Government Employees'
Labor Unions

Hankook Ilbo

Ruling Party Seeks to Hold Constitutional Amendment Vote
and Local Elections Simultaneously Next Year

Hankyoreh Shinmun

Suspicion Persists over Prosecution's Improper Investigation of
Hyosung Group's Alleged Slush Funds

Segye Ilbo

Nation's Largest Umbrella Labor Group Pledges Fight
against ROKG Labor Bills

Seoul Shinmun

Official Campaigning for Oct. 28 By-Elections Kicks Off

DOMESTIC DEVELOPMENTS

The ROK and the EU initialed their bilateral free trade agreement in
Brussels yesterday. The ROK Foreign Ministry plans to have the trade
pact signed early next year and put it into effect in July at the
earliest. (All)

Assistant USTR Wendy Cutler, in an Oct. 14 hearing of the House
Foreign Affairs Committee, said that, "There has been overwhelming
support for the KORUS FTA based on public comments, but I would also
note that there are areas of concern over the auto sector." (Dong-a,

Hankook, Segye, Seoul, KBS)

According to (ruling GNP) sources, U.S. Ambassador to the ROK Kathleen Stephens told GNP lawmakers on Oct. 13 that patience is needed for the ratification of the KORUS FTA. (JoongAng)

North Korea's Navy claimed yesterday that ROK combat boats intruded into its territorial waters 10 times last Monday alone. It warned of military action if such moves continued. (All)

A senior ROKG official said yesterday that if a high-level dialogue takes place between the two Koreas, the North Korean nuclear issue should be on the agenda. (JoongAng)

MEDIA ANALYSIS

-N. Korea

All ROK media gave attention to North Korea's accusation yesterday that the ROK frequently violated its territorial waters. The North Korean Navy was widely quoted as claiming: "Some 16 ROK combat boats intruded into our waters 10 times last Monday alone. ... We shall not sit idly by. ROK military authorities should be clearly aware that warnings will be followed by action." The ROK military was reported as dismissing the North's claim as "groundless."

Conservative Chosun Ilbo, in an article titled "Another Threat Ahead of Talks," observed that this North Korean warning came only a day

SEOUL 00001637 002 OF 004

after Pyongyang offered a perfunctory apology for the death of six ROK citizens in a flash flood caused by its sudden discharge of dam water. The article quoted an ROK official as saying: "Even during the current dialogue stage, the North is taking both soft and hard measures, apparently to make it look as if it's no pushover." Another ROKG official was also quoted: "The mixed messages could be indications of a tug of war between moderates and hardliners in the North."

In commentary regarding a "grand bargain" on North Korea's nuclear issue proposed by President Lee Myung-bak, right-of-center JoongAng Ilbo opined: "Japanese Prime Minister Hatoyama described President Lee's proposal as a 'comprehensive' approach to resolve not only the North's nuclear and missile issues but also the Japanese abduction problem. ... President Lee's argument-that the 'grand bargain' is aimed at getting North Korea to give up its nuclear ambitions, not bringing North Korea back to the Six-Party Talks-is also quite different from China's position of attaching great importance to the resumption of the Six-Party Talks. ... North Korea has dismissed the grand bargain proposal as a wild dream, and the U.S. is taking an ambiguous attitude. In order to make the grand bargain proposal viable, the ROK should present a 'second grand bargain' by modifying its initial proposal calling for the North to abandon its nuclear program before receiving economic aid and security guarantees. Under the second grand bargain, rewards should be provided to North Korea at the same time as the North's nuclear abandonment. "

Japan to End Refueling Mission in Indian Ocean

Conservative Chosun and moderate Hankook Ilbo carried front- and inside-page reports on Japan's formal notification to the U.S. that it will end a naval refueling mission backing U.S.-led operations in Afghanistan. Chosun Ilbo, in particular, noted that this Japanese move comes in the run-up to the upcoming visits to Tokyo by Defense Secretary Robert Gates (Oct. 20-21) and President Barack Obama (Nov. 12-13). Chosun wrote in the headline: "Is the New Democratic Party of Japan Administration Embarking on Efforts for 'More Equal' Relations with the U.S.?"

OPINIONS/EDITORIALS

ROK, CHINA AND JAPAN ON 'GRAND BARGAIN' WITH N. KOREA: SAME BED,
DIFFERENT DREAMS
(JoongAng Ilbo, October 16, 2009, page 47: Excerpts)

By Senior journalist Kim Young-hie

In the trilateral summit involving the ROK, China and Japan, President Lee Myung-bak's grand bargain proposal was not heavily discussed. Chinese Premier Wen Jiabao seemed to put more emphasis on the talks he had with North Korean leader Kim Jong-il (than on the summit.) Wen repeatedly stressed Kim's message that North Korea intends to improve relations with the ROK, the U.S. and Japan. He even warned that if relevant countries lose the opportunity for better ties with North Korea, such an opportunity may not come again. Chinese Premier Wen said that the countries involved should understand that they may have to pour much more energy (into making progress on the North Korean issue) if they lose the opportunity this time around. These remarks sound like an ultimatum rather than a mere delivery of Kim's message.

In a joint statement wrapping up the summit and during a press conference by leaders from the three countries, Premier Wen did not mention the grand bargain, let alone show his support for it. During the joint press conference, Japanese Prime Minister Hatoyama described President Lee's proposal as a "comprehensive" approach to resolve not only the North's nuclear and missile issues but also the Japanese abduction problem. Hatoyama fell short of fully supporting the grand bargain, however. As expected, Hatoyama added a dish of the Japanese abduction issue to the nuclear negotiating table. He also focused a great deal on North Korean ballistic missiles, which pose a direct threat to Japan. We want to ask the Blue House whether the grand bargain really includes the Japanese

SEOUL 00001637 003 OF 004

abduction issue. President Lee's argument-that the "grand bargain" is aimed at getting North Korea to give up its nuclear ambitions, not bringing North Korea back to the Six-Party Talks-is also quite different from China's position of attaching great importance to the resumption of the Six-Party Talks.

What the three leaders only agreed upon was that they will seek to denuclearize the Korean Peninsula peacefully through dialogue and negotiation. Few would object to resolving the North Korean nuclear issue peacefully. However, there is a big loophole in the three leaders' agreement. The agreement calls for denuclearizing the Korean Peninsula peacefully through dialogue, not denuclearizing just North Korea. Doesn't this mean that the North intends to change the current North Korean nuclear negotiation to nuclear disarmament talks that would include denuclearization of the entire Korean Peninsula and specifically (the withdrawal of) the U.S. nuclear umbrella? This move is based on the alarming premise that a nuclear North Korea is an established fact.

North Korea has dismissed the grand bargain proposal as a wild dream, and the U.S. is taking an ambiguous attitude. In order to make the grand bargain proposal viable, the ROK should present a "second grand bargain" by modifying its initial proposal calling for the North to abandon its nuclear program before receiving economic aid and security guarantees. Under the second grand bargain, rewords should be provided to North Korea at the same time as the North's nuclear abandonment. The ROK also needs to make its position clear regarding how to pursue the nuclear negotiation while seeking to better inter-Korean relations.

EARLY RATIFICATION OF KORUS FTA AS WELL AS ROK-EU FTA IS IMPORTANT
(Dong-a Ilbo, October 16, 2009, Page 35; Excerpts)

Even if a Free Trade Agreement (FTA) is signed, it is meaningless without legislative approval. The ROK-U.S. FTA was signed in June 2007, but it has not been ratified by either legislature. Rep. Edward Royce, a pro-ROK Republican, recently criticized Congress, saying that failure to ratify the KORUS FTA "is a huge slight to our ally, to South Korea, not to mention a missed economic opportunity" for U.S. businesses. We hope that the Barack Obama Administration and the U.S. Congress will be more active in the ratification of the FTA, which will contribute to trade and friendship between the ROK and the U.S. The ROK National Assembly should also speed up efforts to approve the KORUS FTA, which managed to go through the National

Assembly Committee on Foreign Affairs, Trade, and Unification but is still pending at the National Assembly due to objection by some opposition parties.

FEATURES

U.S. AMBASSADOR: "PATIENCE IS NEEDED FOR KORUS FTA"
(JoongAng Ilbo, October 16, 2009, Page 10)

By Reporter Koh Jung-ae

"Hints in the future Trade Policy Review (TPR) are important."

U.S. Ambassador to the ROK Kathleen Stephens reportedly made a statement regarding the prospects of the U.S. Congress ratifying the ROK-U.S. Free Trade Agreement (FTA) during an October 13 meeting with ruling Grand National Party (GNP) lawmakers, including Rep. Chung Mong-joon.

According to several officials, Ambassador Stephens made the statement in response to one attendant's remarks that "State Department officials have said that if the TPR includes expressions such as 'FTAs are frozen at the existing level' or 'more focus is placed on multilateral negotiations like the World Trade Organization (WTO),' it will become virtually difficult for the U.S. Congress to ratify the KORUS FTA." Ambassador Stephens reportedly noted, "It is not time yet for ratification. We should have

SEOUL 00001637 004 OF 004

patience." The TPR, a report on the direction the Obama Administration will take in regard to trade policy, had been set to come out in early November but its release is being delayed. GNP Rep. Hong Jung-wook, who met with U.S. officials during his recent visit to the U.S., also commented, "I got the feeling that the fate of the KORUS FTA will be based on what is in the TPR. Most U.S. officials say that they are 'hopeful but skeptical' or 'despite difficulties, (we should) not give up.'"

STEPHENS